

**Summary of
2005 Assembly Bill 100
Governor's Proposed 2005-07 Budget**

**Provisions Related to
Elementary and Secondary Education
and State Agency Operations**

**Also Includes Listing of Key Provisions from the
Department's 2005-07 Budget Request but NOT Included In
Governor's Final Bill**

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March 2005

KEY TO ABBREVIATIONS

APPROPRIATIONS

GPR—Appropriations financed from general purpose revenues available in the state's general fund.

FED—Appropriations financed from federal revenues.

PR—Appropriations financed from program revenues, such as user fees or product sales.

PR-S—Program Revenue-Service—Appropriations financed from funds transferred between or within state agencies for the purpose of reimbursement for services or materials.

SEG—Appropriations financed from segregated revenues.

OTHER

FY—Fiscal year. For example, FY05 means the 2004-05 state fiscal year.

FTE—Full-time equivalent position.

FY05 Base—The total 2004-05 authorized funding level for an agency or program. The base equals 2004-05 appropriations, pay plan modifications and any other supplements. It is this base that serves as the beginning point for calculating budget changes for 2005-07.

TANF—Temporary Assistance to Needy Families. The federal TANF program provides an annual block grant to Wisconsin, which is the primary funding source for the Wisconsin Works (W-2) program, the child care program and a number of other public assistance expenditures.

GENERAL SCHOOL AIDS

General Equalization Aids

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	107,938,600	0.00	218,575,800	0.00	285,000,000	0.00	415,000,000	0.00
TOTAL	107,938,600	0.00	218,575,800	0.00	285,000,000	0.00	415,000,000	0.00

AGENCY REQUEST:

- Increase general equalization aids to school districts by \$107,938,600 GPR in FY06 and \$218,575,800 GPR in FY07 to provide a 2.5 percent annual increase.

GOVERNOR:

- Increase general equalization aids by \$285,000,000 GPR in FY06 (6.6 percent) and \$415,000,000 GPR in FY07 (2.8 percent).
- It is estimated that school property tax levies under the Governor's budget will decrease by 1.0 percent in FY06 and 0.3 percent in FY07 (including the \$150 million increase in the school levy tax credit). If the levy credit increase is not counted, school property tax levies are projected to increase by 3.9 percent in FY07.

Streamlined Sales Tax Revenue

AGENCY REQUEST: None.

GOVERNOR:

- Recommends that any additional sales tax revenue generated during the 2005-07 biennium due to the Streamlined Sales Tax Project, in excess of amounts anticipated, be used to increase general school aids in FY07.
- Under this recommendation, the Department of Revenue will make a determination of any additional revenue from the project by September 1, 2006.

School Levy Tax Credit

AGENCY REQUEST: None.

GOVERNOR:

- Increase the school levy tax credit by \$150 million beginning in FY08 (credit is paid in FY08, but distributed based on school property tax levies from December 2006).
- The increase would be distributed under a new formula based on each municipality's share of general equalization aid, as determined by the Department of Revenue. This would permit the additional payments to better reflect a municipality's property value, providing a higher proportion of the payment to municipalities with lower property values (i.e. the additional payment is more "equalizing"). The current school levy tax credit of \$469.3 million is distributed based on a municipality's school property tax levy.
- Funding for the increased credit would not be needed until FY08. The Governor's budget does not increase appropriations in the 2005-07 biennium; however, an increase of \$150,000,000 annually over the base funding level would need to be provided in the 2007-09 biennium.

REVENUE LIMITS

Declining Enrollment Revenue Limit Exemption

AGENCY REQUEST:

- Maintain the current three-year pupil enrollment rolling average calculation for revenue limits, but change the current 75 percent hold harmless non-recurring exemption to a recurring exemption that districts could retain in their base revenue limit for the following year.
- Making the 75 percent revenue limit exemption recurring would (compared to current law) provide roughly \$25-30 million in additional annual statewide revenue limit authority (above the \$25-30 million now allowed on a non-recurring basis), beginning in the second year of the recurring exemption implementation (2006-07 if implemented in 2005-06).

GOVERNOR:

- Modify the agency's request by, beginning in FY07, requiring DPI to calculate a school district's revenue limit by using either a three-year or five-year rolling average of pupil enrollment for both the current and prior year calculations. Provide that DPI shall use the enrollment calculation that would provide each school district with the greatest revenue limit.

Low Revenue Ceiling Adjustment

AGENCY REQUEST:

- Increase the per pupil low revenue ceiling amount by \$400 annually, to \$8,200 in FY06 and to \$8,600 in FY07, to continue to provide the state's lowest spending districts with the opportunity to narrow the disparity with the highest spending districts.
- There is no state fiscal impact. However, this proposal would allow over 125 of the state's school districts to increase their revenues beyond the annual allowable per pupil adjustment each year with an estimated fiscal impact of \$15-25 million in additional revenue limit authority in FY06 and \$25-35 million in additional authority in FY07.

GOVERNOR:

- Modify the agency's request by increasing the low revenue ceiling exemption from \$7,800 in FY05 to \$8,100 in FY06 and \$8,400 in FY07.

Unused Revenue Limit Carryover

AGENCY REQUEST:

- Increase the allowable percentage of unused revenue limit carryover for school districts from 75 percent to 100 percent beginning in FY06.
- There is no state fiscal impact, but this change would provide school districts additional revenue limit authority. The use of such authority would be dependent on local school board decisions.

- Had this provision been in effect for the calculation of revenue limits for FY04, the 100 percent carryover adjustment would have generated revenue limit authority of nearly \$3.7 million for those districts, an increase of approximately \$900,000 compared to current law.

GOVERNOR:

- Approve agency request.

CATEGORICAL AIDS

Advanced Placement (AP)

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	266,300	1.00	286,700	1.00	166,300	1.00	186,700	1.00
TOTAL	266,300	1.00	286,700	1.00	166,300	1.00	186,700	1.00

AGENCY REQUEST:

- Request \$200,000 GPR annually in FY06 and FY07 to award grants to school districts to partially reimburse the costs related to offering AP courses to students. Grants are available only to schools that are not currently offering AP courses or programs. Grants will be awarded based on the number of students participating in AP courses (limited to \$300 per student per semester).
- Request 1.0 FTE consultant to administer the AP grants and to serve as a gifted and talented lead position (\$66,300 GPR in FY06 and \$86,700 GPR in FY07).

GOVERNOR:

- Modify the department's request to provide \$100,000 GPR annually for grants in FY06 and FY07.
- Approve the department's request to provide funding for 1.0 FTE consultant to administer the AP grants and to serve as a gifted and talented lead position.

Supporting Gifted and Talented Students

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	182,000	0.00	182,000	0.00	91,000	0.00	91,000	0.00
TOTAL	182,000	0.00	182,000	0.00	91,000	0.00	91,000	0.00

AGENCY REQUEST:

- Request \$182,000 GPR annually in FY06 and FY07 to serve academically talented pupils across the state by establishing a school district cooperative grant program that will provide challenging advanced curriculum and assessments for middle schools.
- The model is proposed to be funded at 13 sites (12 Cooperative Educational Service Agencies [CESAs] and Milwaukee Public Schools). At each site, four to six middle schools would participate with approximately 25-30 pupils.

GOVERNOR:

- Modify request by providing \$91,000 GPR each year in grants for advanced curriculum and assessments for gifted and talented middle school students.

Pupil Transportation Aid

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	21,130,000	0.00	21,130,000	0.00	-17,742,500	0.00	-17,742,500	0.00
SEG-O	0	0.00	0	0.00	20,942,500	0.00	30,942,500	0.00
TOTAL	21,130,000	0.00	21,130,000	0.00	3,200,000	0.00	13,200,000	0.00

AGENCY REQUEST:

- Increase the current transportation aid appropriation by \$21,130,000 GPR annually in FY06 and FY07 to do the following: (a) fully fund the current appropriation; (b) double the state statutory transportation reimbursement rates to reflect increased costs of transporting pupils in all districts; and (c) provide even higher reimbursement rates to districts transporting pupils the farthest distances (over 12 miles).

GOVERNOR:

- Convert base funding (\$17,742,500) in the pupil transportation appropriation under s. 20.255(2)(cr) from GPR to transportation fund SEG.
- Provide \$3,200,000 SEG in additional transportation aid in FY06 to support an increase in the transportation reimbursement rates for pupils who travel more than eight miles to school. In FY07, provide \$13,200,000 SEG in transportation aid to eliminate the existing proration of aid and to increase reimbursement rates for all travel distances.

Distance in miles	Current Rate/Pupil	New—FY06	New—FY07
0-2 Hazardous	\$12	n/c	\$16
2-5	\$30	n/c	\$40
5-8	\$45	n/c	\$65
8-12	\$60	\$82	\$120
12+	\$68, \$75, \$85	\$150	\$200

Bilingual-Bicultural Education Aid

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	14,393,100	0.00	16,434,700	0.00	782,400	0.00	1,599,000	0.00
TOTAL	14,393,100	0.00	16,434,700	0.00	782,400	0.00	1,599,000	0.00

AGENCY REQUEST:

- Request \$14,393,100 GPR in FY06 and \$16,434,700 GPR in FY07 to increase the current bilingual-bicultural aid program to reimburse approximately 30% of approved prior year costs (up from 12% in FY05) for school districts required to offer bilingual-bicultural education programs.

GOVERNOR:

- Modify the department's request to provide an additional \$782,400 GPR in FY06 and \$1,599,000 GPR in FY07 to maintain the state's share of bilingual-bicultural costs at an estimated 12%.

English as a Second Language for Southeast Asian Children

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	0	0.00	0	0.00	100,000	0.00	100,000	0.00
TOTAL	0	0.00	0	0.00	100,000	0.00	100,000	0.00

AGENCY REQUEST: None.

GOVERNOR:

- Transfer the English as a Second Language program for Southeast Asian children, funded at \$100,000 annually, from the Department of Workforce Development to the department. The funding source for this program will be transferred from the federal Temporary Assistance for Needy Families block grant to GPR. Funds are awarded to the Wausau School District to provide English instruction to Southeast Asian children ages 3 through 5.

Mentoring Grants for Initial Educators

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	2,625,000	0.00	2,625,000	0.00	1,312,500	0.00	1,312,500	0.00
TOTAL	2,625,000	0.00	2,625,000	0.00	1,312,500	0.00	1,312,500	0.00

AGENCY REQUEST:

- Request a new mentoring categorical aid grant program to provide \$750 per initial educator (\$2,625,000 GPR in FY06 and FY07). This request assumes the following: a) there will be approximately 3,500 initial educators each year and b) there will be one mentor per initial educator.

GOVERNOR:

- Modify the department's request to match each district's mentoring expenditures, up to \$375 per initial educator (\$1,312,500 annually in FY06 and FY07).

Differentiated Teacher Compensation Pilot

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	600,000	0.00	1,200,000	0.00
TOTAL	0	0.00	0	0.00	600,000	0.00	1,200,000	0.00

AGENCY REQUEST: None.

GOVERNOR:

- Provide \$600,000 GPR in FY06 and \$1,200,000 GPR in FY07 to create a competitive two-year nonrenewable grant program for school districts to design, develop and pilot a differentiated compensation model for teachers. The grants are to encourage districts to develop innovative ways to reward teachers for skills and knowledge that enhance student performance.
- Grants may be awarded to no more than 20 school districts and may not exceed \$100,000 each.
- Preference is to be given to districts that have the support of their teachers, the community and businesses.

School Breakfast Reimbursement Rate

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	500,100	0.00	830,100	0.00	500,100	0.00	830,100	0.00
TOTAL	500,100	0.00	830,100	0.00	500,100	0.00	830,100	0.00

AGENCY REQUEST:

- Request an increase in the per meal reimbursement rate from 10 cents to 15 cents per breakfast served by public and private schools under the state's School Breakfast Program.

GOVERNOR:

- Approve agency request.

TANF Funding Changes—Head Start

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	0	0.00	0	0.00	3,500,000	0.00	3,500,000	0.00
PR-S	0	0.00	0	0.00	-3,500,000	0.00	-3,500,000	0.00
TOTAL	0	0.00	0	0.00	0	0.00	0	0.00

AGENCY REQUEST: None.**GOVERNOR:**

- Replace \$3,500,000 funding provided by the federal Temporary Assistance for Needy Families (TANF) block grant with GPR in the Head Start supplement appropriation.
- This proposal would increase the department's existing GPR Head Start supplement appropriation from \$3,712,500 to \$7,212,500.

American Indian Studies/Language and Culture Education Programs

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
PR-S	80,600	1.00	413,800	1.00	390,600	1.00	723,800	1.00
TOTAL	80,600	1.00	413,800	1.00	390,600	1.00	723,800	1.00

AGENCY REQUEST:

- Request \$80,600 PR-S in FY06 and \$263,800 PR-S in FY07 from tribal gaming revenues to fund an expanded American Indian studies program and the American Indian Student Achievement Network, including the addition of a 1.0 FTE American Indian education consultant to existing department staff.
- Request \$150,000 PR-S in FY07 to fund a competitive grant program to provide assistance to collaborative student-school-community-based diversity education programs.

GOVERNOR:

- Approve agency request.
- In addition, provide \$260,000 PR-S annually in FY06 and FY07 from tribal gaming revenues to fund alternative schools that provide American Indian language and culture education programs. This restores funding in the department that was deleted in the 2003-05 biennial budget.
- Also provide \$50,000 PR-S annually in FY06 and FY07 from tribal gaming revenues to fund education programs at Beloit College about Native American cultures. This restores funding in the department that was deleted in the 2003-05 biennial budget.

Special Education Aid

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	25,688,200	0.00	48,290,000	0.00	0	0.00	12,000,000	0.00
TOTAL	25,688,200	0.00	48,290,000	0.00	0	0.00	12,000,000	0.00

AGENCY REQUEST:

- Increase special education categorical aid by \$25,688,200 GPR in FY06 and \$48,290,000 GPR in FY07 to reimburse 30 percent of estimated prior year aidable costs (up from a projected 29 percent in FY05).
- Request a statutory change that would permit guidance counselors to be included as an eligible category for cost reimbursement under the categorical aid beginning in FY07.

GOVERNOR:

- Modify request by providing \$12,000,000 GPR in FY07.
- It is estimated that the Governor's proposal will allow for reimbursement of 27.8 percent of prior year aidable costs in FY06 and 27.3 percent in FY07.
- Approve guidance counselor request.

High-Cost Special Education Aid

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	5,000,000	0.00	5,000,000	0.00	0	0.00	3,500,000	0.00
TOTAL	5,000,000	0.00	5,000,000	0.00	0	0.00	3,500,000	0.00

AGENCY REQUEST:

- Request \$5,000,000 GPR annually in FY06 and FY07 to provide aid to help offset costs of educating children with high-cost special needs. The grants would reimburse 90% of special education costs in excess of \$30,000 per special education student.

GOVERNOR:

- Modify the department's request by providing \$3,500,000 GPR in FY07.

4-Year-Old Kindergarten (4K) Start-Up Grants

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	0	0.00	3,000,000	0.00	0	0.00	3,000,000	0.00
TOTAL	0	0.00	3,000,000	0.00	0	0.00	3,000,000	0.00

AGENCY REQUEST:

- Request \$3,000,000 GPR in FY07 to create a new two-year categorical grant program offering a start-up grant for school districts wishing to implement 4K. The grant is proposed to be \$3,000 per 4K pupil to districts in the first year of their offering a new 4K program and \$1,500 in the second year.
- Request statutory language that, beginning in FY07, would permit all school districts that adopt “community approaches” to early care and education to count an additional 0.1 FTE toward funding for each 4K pupil enrolled in the district.

GOVERNOR:

- Approve start-up grant funding.
- Deny proposal to count an additional 0.1 FTE toward funding for each 4K pupil in districts using “community approaches.” However, districts that establish 4K programs using “community approaches” would receive priority for funding under the start-up grants.

Student Achievement Guarantee in Education (SAGE)

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	27,000,400	0.00	29,332,900	0.00	14,754,900	0.00	29,317,900	0.00
TOTAL	27,000,400	0.00	29,332,900	0.00	14,754,900	0.00	29,317,900	0.00

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	-100,000	0.00	-100,000	0.00	-100,000	0.00	-100,000	0.00
TOTAL	-100,000	0.00	-100,000	0.00	-100,000	0.00	-100,000	0.00

AGENCY REQUEST:

- Request \$27,000,400 GPR in FY06 and \$29,332,900 GPR in FY07 to: a) increase the per low-income pupil full-time equivalent reimbursement rate from \$2,000 to \$2,500 in both years of the biennium; b) allow new schools to join the program in FY07 (assumes approximately 10 schools, specifying a one-year application window); and c) put in place an electronic reporting system for SAGE data.
- Consolidate the two existing SAGE aid appropriations into one.
- The department reestimated \$100,000 GPR less in SAGE debt service aid in each year.

GOVERNOR:

- Modify the department's request to: a) provide \$14,754,900 GPR in FY06 and \$29,317,900 GPR in FY07 to increase the per low-income pupil full-time equivalent reimbursement rate from \$2,000 to \$2,250 in FY06 and to \$2,500 in FY07; and b) allow new schools to join the SAGE program in FY07 (assumes approximately 10 schools).
- For the new contracts that would begin in the 2006-07 school year, class sizes are to be reduced to 15 in the following manner: 1) in the 2006-07 school year, at least grades kindergarten and one; 2) in the 2007-08 school year, at least grades kindergarten to 2; and 3) in the 2008-09 to 2009-10 school years, at least grades kindergarten to 3.
- SAGE aid payments are to be made in FY07 first to schools that have renewed prior contracts. Then, any remaining funds are to be given to the new schools with highest priority being given to those new schools that have the highest percentage of low-income pupil enrollment. The department is to ensure that it fully expends the amount appropriated.
- The electronic reporting system was not approved.
- Approve the department's request to consolidate the two SAGE aid appropriations.
- Approve the department's reestimate of SAGE debt service aid.

Aid for Alcohol and Other Drug Abuse (AODA) Programs

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
PR-S	0	0.00	0	0.00	-47,000	0.00	-47,000	0.00
TOTAL	0	0.00	0	0.00	-47,000	0.00	-47,000	0.00

AGENCY REQUEST: None.

GOVERNOR:

- Reduce the department's AODA aids appropriation annually by \$47,000 PR-S to reflect the projected penalty surcharge revenues administered by the Office of Justice Assistance.

CHOICE, CHARTER AND OPEN ENROLLMENT

Milwaukee Parental Choice Program (MPCP)

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	6,361,600	0.00	8,611,200	0.00	9,958,000	0.00	12,607,200	0.00
TOTAL	6,361,600	0.00	8,611,200	0.00	9,958,000	0.00	12,607,200	0.00

AGENCY REQUEST:

- Reestimate the MPCP sum-sufficient appropriation and request an additional \$6,361,600 GPR in FY06 and \$8,611,200 GPR in FY07.
- The department anticipates that the MPCP will reach its membership cap of approximately 14,800 FTE in both years of the 2005-07 biennium.
- The department recommends a 2.5 percent annual increase in general equalization aids in both FY06 and FY07. Thus, according to the department's budget, the estimated MPCP per pupil payment will increase by \$149 over its FY05 level (\$5,943) in FY06 and by an additional \$152 over its FY06 level in FY07.
- The department estimates that in FY06, 14,800 pupils (an increase of 700 over the estimated base of 14,100 pupils in FY05) will participate in the program at a per pupil cost of \$6,092, totaling \$90,161,600. In FY07 14,800 pupils will again participate in the program at a per pupil cost of \$6,244, totaling \$92,411,200.

GOVERNOR:

- Modify the department's request to provide \$9,958,000 GPR in FY06 and \$12,607,200 GPR in FY07.
- The Governor recommends a 6.6 percent increase in general equalization aids in FY06 and 2.8 percent in FY07. Thus, the estimated MPCP per pupil payment will increase by \$392 over its FY05 level (\$5,943) in FY06 and by an additional \$177 over its FY06 level in FY07.
- Estimates that in FY06, 14,800 pupils (an increase of 700 over the estimated base of 14,100 pupils in FY05) will participate in the program at a per pupil cost of \$6,335, totaling \$93,758,000. In FY07, 14,800 pupils will again participate in the program at a per pupil cost of \$6,514, totaling \$96,407,200.

Milwaukee/Racine Charter School Program (MRCSP)

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	3,936,100	0.00	7,613,500	0.00	5,088,100	0.00	9,008,300	0.00
TOTAL	3,936,100	0.00	7,613,500	0.00	5,088,100	0.00	9,008,300	0.00

AGENCY REQUEST:

- Reestimate the MRCSP sum-sufficient appropriation and request an additional \$3,936,100 GPR in FY06 and \$7,613,500 GPR in FY07.
- The per pupil payment for the MRCSP is increased by the increase in the per pupil amount paid to private schools participating in the Milwaukee Parental Choice Program (MPCP). The MPCP per pupil payment under the department's budget request (see above) is to increase by \$149 over the FY05 level in FY06, and \$152 over the FY06 level in FY07. Thus, the estimated MRCSP per pupil payment will increase by \$149 over its FY05 level (\$7,111) in FY06 and by an additional \$152 over its FY06 level in FY07.
- The department estimates that in FY06, 4,500 pupils will participate in the program at a per pupil cost of \$7,260, totaling \$32,670,000. The department estimates that in FY07, 4,900 pupils will participate in the program at a per pupil cost of \$7,412, totaling \$36,318,800.
- In addition, in order to fully pay Racine Unified School District (RUSD) the aid required under current law, it is estimated that the sum sufficient charter school appropriation would need to be increased by \$1,426,100 (260 prior year pupils x \$5,485 current year aid per pupil) in FY06 and \$1,454,700 (260 prior year pupils x \$5,595 current year aid per pupil) in FY07 in order to fully fund this appropriation.
- Thus, in order to fully fund the charter school sum sufficient appropriation (payments to charter school operators and RUSD), the state would be required to provide \$34,096,100 in FY06 and \$37,773,500 in FY07.

GOVERNOR:

- Modify the department's request to provide \$5,088,100 GPR in FY06 and \$9,008,300 GPR in FY07.
- The MPCP per pupil payment under the Governor's budget request (see above) is to increase by \$392 over the FY05 level in FY06, and \$177 over the FY06 level in FY07. Thus, the estimated MRCSP per pupil payment will increase by \$392 over its FY05 level (\$7,111) in FY06 and by an additional \$177 over its FY06 level in FY07.
- Estimates that in FY06, 4,500 pupils will participate in the program at a per pupil cost of \$7,503, totaling \$33,763,500. In FY07, 4,900 pupils will participate in the program at a per pupil cost of \$7,680, totaling \$37,632,000.
- Approved the department's funding estimates for RUSD.

ASSESSMENTS

Wisconsin Knowledge and Concepts Exam (WKCE)

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	329,200	0.00	329,200	0.00	148,000	0.00	148,000	0.00
TOTAL	329,200	0.00	329,200	0.00	148,000	0.00	148,000	0.00

AGENCY REQUEST:

- Request a 5 percent increase (based on estimated total WKCE base expenditures) of \$329,200 GPR annually in FY 06 and FY 07 to administer and contract for the WKCE.
- The request is driven by anticipated inflationary increases in contractor costs.

GOVERNOR:

- Modify the department's request to provide \$148,000 GPR annually in FY 06 and FY 07 to reflect a 5 percent increase on the department's total pupil assessment GPR base of \$2,962,700.

Wisconsin / Delaware / Arkansas (WIDA) Enhanced Assessment Consortium

AGENCY REQUEST:

- Request nonstatutory language, effective in FY06, to authorize the department to assist in the establishment of, and participate in, a private, non-profit independent foundation, with its headquarters located in Wisconsin, and its membership consisting of a coalition of agents of public K-12 state education agencies.
- The foundation's purpose is to solicit and obtain federal and state grants and other public and private funding to be used for group contracting and purchasing of high quality English language proficiency examinations, alternate examinations and contracting for the production, distribution, scoring and reporting of those examinations and making them available to coalition members.

GOVERNOR:

- Modify the request to recommend language under Section 115.29 (6) (a section which enumerates the "general powers" of the State Superintendent) that would allow the State Superintendent to "[A]ssist in the establishment of, and participate in, a consortium of state education agencies organized to obtain public and private funds to be used to purchase an English language proficiency system."
- The proposed language does not include reference to a non-profit foundation, nor the need for group contracting. Without these provisions, the language may not provide the department sufficient authority to pursue all actions that it had requested. Additional language or approvals may be needed.

LIBRARY SERVICES

Public Library System Aid

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	10,055,200	0.00	11,025,300	0.00	-1,400,000	0.00	-787,400	0.00
SEG-O	0	0.00	0	0.00	2,111,900	0.00	2,111,900	0.00
TOTAL	10,055,200	0.00	11,025,300	0.00	711,900	0.00	1,324,500	0.00

AGENCY REQUEST:

- Request an increase of \$10,055,200 GPR in FY06 and \$11,025,300 GPR in FY07 to fund public library system aid at a 13 percent index level.

GOVERNOR:

- Modify request to reduce GPR funding of public library system aid by \$1,400,000 in FY06 and \$787,400 in FY07. As an offset, increase segregated fund (SEG) funding (Universal Service Fund) for system aid by \$2,111,900 in each year of the biennium. Overall, this would provide for a net increase of \$711,900 in FY06 and \$1,324,500 in FY07.
- Under the Governor's budget proposal, public library system aid would total \$14,908,600 for 2006 (an increase of 5% over 2005 aid) and \$15,521,200 for 2007 (an increase of 4.1% over proposed 2006 aid). This would allow the state to maintain an approximate 8 percent aid index level in each year, the same as in FY05.
- Currently, approximately 15 percent of total library system aid comes from the Universal Service Fund. Under the Governor's proposal, that percentage would increase to 27 percent of the total in 2007. The remainder of public library system aid is funded from GPR.

BadgerLink Funding

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
SEG-O	594,000	0.00	632,000	0.00	49,000	0.00	87,000	0.00
TOTAL	594,000	0.00	632,000	0.00	49,000	0.00	87,000	0.00

AGENCY REQUEST:

- Request an additional \$49,000 SEG in FY06 and \$87,000 SEG in FY07 to maintain the current level of services through BadgerLink.
- In addition, request \$545,000 SEG annually in FY06 and FY07 for the addition of one or more encyclopedias in BadgerLink for users of all ages and/or materials to assist pupils in completing classroom assignments.

GOVERNOR:

- Provide an additional \$49,000 SEG in FY06 and \$87,000 SEG in FY07 to maintain the current level of services through BadgerLink; however, provide no additional funding to expand BadgerLink encyclopedia services as requested by the department.

Adult Literacy Grants

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	100,000	0.00	0	0.00
TOTAL	0	0.00	0	0.00	100,000	0.00	0	0.00

AGENCY REQUEST: None.**GOVERNOR:**

- Provide \$100,000 GPR in FY06 for one-time grants to non-profit community-based organizations to help train community-based adult literacy staff and establish new volunteer-based programs in areas of the state that have demonstrated a need for adult literacy services.
- Grants may not exceed \$25,000 and no organization may receive more than one grant.

SCHOOL DISTRICT OPERATIONS

Qualified Economic Offer Repeal

AGENCY REQUEST:

- Repeal the Qualified Economic Offer (QEO) provisions related to teacher collective bargaining under Section 111.70, Wis. Stats., effective upon passage of the budget. Teachers will be able to collectively bargain under essentially the same parameters as other represented public employees.

GOVERNOR:

- Approve agency request.

School District General Fund Balances

AGENCY REQUEST: None.

GOVERNOR:

- Modify the budget process for school districts related to district fund balances. The Governor recommends that school boards: (a) include general fund balance figures expressed as a percent of expenditures in their budget presentations; (b) compare these percentages to the statewide average percent; and (c) require a separate vote by a school board to maintain a general fund ending balance in excess of 90 percent of the statewide average.

ADMINISTRATION AND OTHER FUNDING

National Teacher Certification Reestimate

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	155,000	0.00	342,500	0.00	155,000	0.00	342,500	0.00
TOTAL	155,000	0.00	342,500	0.00	155,000	0.00	342,500	0.00

AGENCY REQUEST:

- Reestimate this sum sufficient appropriation that awards grants to teachers receiving national certification (\$155,000 GPR in FY06 and \$342,500 GPR FY07).

GOVERNOR:

- Approve agency request.

Grants for Master Educators

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	120,000	0.00	280,000	0.00	30,000	0.00	92,500	0.00
TOTAL	120,000	0.00	280,000	0.00	30,000	0.00	92,500	0.00

AGENCY REQUEST:

- Increase the existing sum sufficient national teacher certification grant appropriation by \$120,000 GPR in FY06 and \$280,000 GPR in FY07 to allow teachers receiving master educator licenses through the state process under Chapter PI 34, Wis. Admin. Code, to receive the same grants as those master educators receiving licenses through national certification. Expanding this appropriation provides incentives for educators to seek certification in subject areas not currently offered by the national program and will increase the number of master educators in the state.

GOVERNOR:

- Approve the proposal, but modify the request, based on revised department data, to increase the existing sum sufficient national teacher certification grant appropriation by \$30,000 GPR in FY06 and \$92,500 in FY07.

Web-Based Online Teacher Licensing Project

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	195,100	0.00	0	0.00	0	0.00
PR-O	839,800	2.00	931,500	2.00	0	0.00	70,000	0.00
TOTAL	839,800	2.00	1,126,600	2.00	0	0.00	70,000	0.00

AGENCY REQUEST:

- Request \$195,100 GPR in FY07 and expenditure authority increases of \$839,800 PR in FY06 and \$931,500 PR in FY07 from teacher license revenues to create a web-based, online educator licensing system.
- Request the 10 percent lapse of teacher license revenue to the general fund (\$355,000 in FY06 and \$360,000 in FY07) be eliminated to restore 100 percent of teacher certification revenues to the department for the project.
- Request 2.0 FTE PR project positions each year, the funding for which is included in the above expenditure authority increases.

GOVERNOR:

- Approve the online licensing project. Deny the department's request for additional GPR and modify the department's request to increase expenditure authority in FY07.
- Deny the department's request to eliminate the 10 percent lapse to the general fund.
- Deny the department's request for 2.0 PR project positions but retained funds to contract with DOA IT staff.
- The project will be funded with Master Lease payments of \$306,000 per year for seven years.

Residential School Outreach Programs

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	81,400	0.00	81,400	0.00	81,400	0.00	81,400	0.00
TOTAL	81,400	0.00	81,400	0.00	81,400	0.00	81,400	0.00

AGENCY REQUEST:

- Request \$81,400 GPR annually in FY06 and FY07 to fund the statewide outreach programs administered by the Wisconsin Educational Services Program for the Deaf and Hard of Hearing and the Wisconsin Center for the Blind and Visually Impaired to ensure that deaf, hard of hearing, blind and visually impaired students receive appropriate educational services from their school districts.

GOVERNOR:

- Approve agency request.

Base Budget Reduction

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	-292,700	-9.25	-292,700	-9.25
PR-S	0	0.00	0	0.00	-200,000	-0.75	-200,000	-0.75
TOTAL	0	0.00	0	0.00	-492,700	-10.00	-492,700	-10.00

AGENCY REQUEST: None.

GOVERNOR:

- Reduce the department's expenditure and position authority in state operations appropriations by \$292,700 and 9.25 FTE GPR and \$200,000 and .75 FTE PR-S annually in FY06 and FY07 as follows:

GPR—main office	- \$292,700	- 5.25 FTE
GPR—WESPDHH & WCBVI		- 4.00 FTE
PR-S—AODA program	- \$200,000	
PR-S—State Agency Library Proc. Ctr.		- .75 FTE

- Require the department to lapse to the General Fund \$176,100 PR annually in FY 06 and FY 07 from teacher license revenues. This represents a cash lapse of 5 percent of estimated teacher license revenues, and is in addition to the current law requirement to lapse 10 percent of such revenues. Thus, in 2005-07, the budget lapses 15 percent of teacher license revenues to the General Fund.

Streamlining Administrative Services

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	0	0.00	0	-2.00
PR-F	0	0.00	0	0.00	0	0.00	0	-1.05
PR-S	0	0.00	0	0.00	0	0.00	0	-0.83
TOTAL	0	0.00	0	0.00	0	0.00	0	-3.88

AGENCY REQUEST: None.

GOVERNOR:

- As part of a proposal to consolidate state agency server and network support and procurement/purchasing functions under the Department of Administration (DOA), reduce the department's position authority by (a) .88 FTE related to server and network consolidation, and (b) 3.0 FTE related to procurement consolidation. Funding related to the positions would remain in the department's budget to cover chargebacks for these services from DOA.

Attorney Consolidation

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	0	-1.10	0	-1.10
PR-F	0	0.00	0	0.00	0	-1.60	0	-1.60
PR-O	0	0.00	0	0.00	0	-0.30	0	-0.30
TOTAL	0	0.00	0	0.00	0	-3.00	0	-3.00

AGENCY REQUEST: None.**GOVERNOR:**

- As part of a statewide attorney consolidation proposal, transfer 2.0 FTE attorney positions and 1.0 FTE administrative rule coordinator position from the department to the Department of Administration (DOA). Any incumbents in the positions would have transfer rights with their positions. Funding related to the transferred positions would remain in the department's budget to purchase legal services from DOA. The DOA secretary would determine the assignment of attorneys to individual agencies. The department would retain 1.0 FTE chief legal counsel.

Program Revenue Reestimates

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-O	320,700	0.00	304,500	0.00	320,700	0.00	304,500	0.00
PR-S	564,500	0.00	549,400	0.00	564,500	0.00	549,400	0.00
TOTAL	885,200	0.00	853,900	0.00	885,200	0.00	853,900	0.00

AGENCY REQUEST:

- Request changes in program revenue expenditure authority in Student Activity Therapy (-\$3,000 in each year); Teacher Certification (\$60,700 in FY06 and -\$201,100 in FY07); Publications (-\$79,300 in FY06 and -\$54,300 in FY07); Professional Services Center Charges (-\$25,000 in each year); Gifts, Grants and Trust Funds (\$400,000 in FY06 and \$600,000 in FY07); General Educational Development/High School Graduation Equivalency (-\$51,600 in each year); Funds Transferred from Other State Agencies (\$86,300

in FY06 and \$71,200 in FY07 for operations and \$478,200 in each year for local aids); WCBVI and WESPDHH Pupil Transportation (\$22,000 in FY06 and \$47,000 in FY07); and State-Owned Housing Maintenance (-\$3,100 in FY06 and -\$7,500, and appropriation repealed, in FY07).

GOVERNOR:

- Approve agency request.

Federal Revenues Reestimates

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-F	43,767,200	0.00	46,610,500	0.00	43,767,200	0.00	46,610,500	0.00
TOTAL	43,767,200	0.00	46,610,500	0.00	43,767,200	0.00	46,610,500	0.00

AGENCY REQUEST:

- Request changes in federal revenue expenditure authority in Federal Aids (-\$2,851,000 in FY06 and - \$3,200,000 in FY07 for operations and \$41,610,700 in FY06 and \$44,748,800 in FY07 for local aids); Indirect Cost Reimbursements (-\$211,800 in FY06 and -\$157,600 in FY07); Federal Local Assistance (\$177,900 in each year); and Federal Aid to Individuals and Organizations (\$5,041,400 in each year).

GOVERNOR:

- Approve agency request.

Fuel and Utility Reestimate

Source of Funds	Agency Request				Governor's Recommendation			
	FY06		FY07		FY06		FY07	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
GPR	0	0.00	0	0.00	124,400	0.00	142,300	0.00
TOTAL	0	0.00	0	0.00	124,400	0.00	142,300	0.00

AGENCY REQUEST: None.

GOVERNOR:

- Provide \$124,400 GPR in FY06 and \$142,300 GPR in FY07 (over a base of \$377,500) to adjust the residential schools' fuel and utilities budget for expected changes in prices and for statistically normal weather conditions.

Debt Service Reestimate

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	0	0.00	0	0.00	111,400	0.00	-33,000	0.00
TOTAL	0	0.00	0	0.00	111,400	0.00	-33,000	0.00

AGENCY REQUEST: None.**GOVERNOR:**

- Adjust the department's base by \$111,400 GPR in FY06 and -\$33,000 GPR in FY07 to reflect a reestimate of debt service on authorized bonds.

Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendation			
	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions	FY06 Dollars	FY06 Positions	FY07 Dollars	FY07 Positions
GPR	1,423,500	0.00	1,423,500	0.00	1,423,500	0.00	1,423,500	0.00
PR-F	2,599,200	0.00	2,599,200	0.00	2,599,200	0.00	2,599,200	0.00
PR-O	-194,300	0.00	-194,300	0.00	-194,300	0.00	-194,300	0.00
PR-S	27,800	0.00	27,800	0.00	27,800	0.00	27,800	0.00
TOTAL	3,856,200	0.00	3,856,200	0.00	3,856,200	0.00	3,856,200	0.00

AGENCY REQUEST:

- Request adjustments to the agency's base to reflect standard budget adjustments for:
 - Turnover reduction.
 - Full funding of continuing salaries and fringe.
 - Overtime.
 - Night and weekend differential.
 - Minor transfers within same alpha appropriation

GOVERNOR:

- Approve agency request.

OTHER AGENCIES

Governor's Work-Based Learning Board

GOVERNOR:

- In general, changes state law to reflect transfer of administration of School-to-Work and Work-Based Learning programs to the board. Recommends making the following changes to the Governor's Work-Based Learning Board: 1) Transfer \$634,300 GPR and 3.0 FTE GPR positions in each year from the Department of Workforce Development (DWD) to an annual appropriation for state administration at the Governor's Work-Based Learning Board; 2) Transfer \$1,100,000 GPR in each year from DWD to the board for local grants to support the Youth Apprenticeship Program; 3) Transfer \$285,000 GPR and \$300,000 PR-S in each year of the biennium from the Wisconsin Technical College System to the board and give the board the responsibility to oversee the Jobs for America's Graduates program and School-to-Work grants for Tribal Colleges program; and 4) Transfer each year from the board's interagency and intra-agency program revenue appropriation \$12,200 PR and 0.04 position to the board's appropriation for Carl Perkins II Tech-Prep funds and administration. Provide \$48,100 PR in the board's Tech-Prep funding and administration appropriation for the purpose of increasing a partial position to a 1.0 FTE.

Department of Workforce Development

GOVERNOR:

- Recommends the following changes to the Governor's Work-Based Learning Board: 1) Transfer \$634,300 GPR and 3.0 FTE GPR positions in each year from the department to an annual appropriation for state administration at the Governor's Work-Based Learning Board; and 2) Transfer \$1,100,000 GPR in each year from the department to the board for local grants to support the Youth Apprenticeship Program.
- Recommends a quality rating system for child care providers including day care programs for which a school board establishes or contracts.

Wisconsin Technical College System

GOVERNOR:

- The Governor recommends reducing funding as part of the transfer of school-to-work activities to the Governor's Work-Based Learning Board. Reductions would equal \$285,000 GPR and \$300,000 PR-S annually in FY 06 and FY 07, for an annual total of \$585,000.

ITEMS NOT INCLUDED IN THE GOVERNOR’S BUDGET

- **Sparsity Aid for Small/Rural Districts**
- **Bilingual-Bicultural Education Aid for Currently Ineligible Pupils**
- **Reduced-Price School Breakfast**
- **Library Delivery Services**
- **Library Service Contracts**
- **Wisconsin Career Assessment**
- **Milwaukee Parental Choice Program Application Database**
- **Strengthening Wisconsin Educational Opportunities Program (WEOP)**
- **Minority Group Pupil Precollege Scholarship Program**
- **Options for Residential School Pupils**
- **Preschool to Grade 5 Program**